

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1047 – SB 2018

March 29, 2011

SUMMARY OF BILL: Defines “independent adjuster” for purposes of the Tennessee Public and Independent Adjuster Licensing Act of 2006. Requires licensure of independent insurance adjusters by the Department of Commerce and Insurance.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue - \$1,000,000/FY11-12 and Biennially Thereafter
\$500,000/FY12-13 and Biennially Thereafter**

**Increase State Expenditures - \$10,200/One-Time
\$157,100/FY11-12 and Biennially Thereafter
\$153,400/FY12-13 and Biennially Thereafter**

Assumptions:

- The Department of Commerce and Insurance (TDCI) estimates that 10,000 independent insurance adjusters will become licensed in FY11-12. The license application fee and biennial license renewal fee will be \$100. Therefore, the increase in state revenue will be \$1,000,000 (10,000 adjusters x \$100 fee) in FY11-12 and biennially thereafter.
- TDCI estimates that 5,000 independent adjusters will become licensed in FY12-13. The increase in state revenue will be \$500,000 (5,000 adjusters x \$100 fee) in FY12-13 and biennially thereafter.
- According to TDCI, the cost for issuing license documents is \$0.75 each, resulting in a recurring increase in state expenditures of \$7,500 (10,000 adjusters x \$0.75) in FY11-12 and biennially thereafter, and \$3,750 (5,000 adjusters x \$0.75) in FY12-13 and biennially thereafter.
- TDCI will hire one Attorney 3 position for a recurring increase in state expenditures of \$92,151 (\$58,800 salary + \$18,351 benefits + \$15,000 administrative costs).
- TDCI will hire one Licensing Technician position resulting in a recurring increase in state expenditures of \$54,280 (\$27,900 salary + \$11,380 benefits + \$15,000 administrative costs).
- TDCI will purchase office equipment for the two new employees resulting for a one-time increase in state expenditures of \$10,200 [(\$1,500 computer x 2 employees) + \$1,000 printer + \$2,200 network costs + \$4,000 office landscaping].

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- TDCI will purchase supplies for the two new employees for a recurring increase in state expenditures of \$3,200 [(\$600 supplies + \$1,000 phone) x 2 employees].

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/sbh